Phone Services Leader's Guide

Questions & Answers About Landline, Wireless and Voice over Internet Protocol (VoIP) Phone Services

A CONSUMER ACTION PUBLICATION

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introduction

Phones give us the freedom to talk to friends and family, keep us in touch with our work and allow us to call for help in an emergency. According to a Harris poll released in late 2006, about 98% of all adults have some kind of telephone service. Poll results showed that:

- **Eighteen percent of U.S. adults use only a landline phone**
- **Eleven percent use only cell phones**
- **Two percent use only Internet phone service (VoIP)**
- **Five percent use only a wireless (cell) phone and VoIP**

The poll findings show that the way we use phone service is changing. An unprecedented number of young people use cell phones but do not have a landline. Accessing the Internet using high-speed DSL is an important reason for many people to have a landline. Cable companies as well as traditional phone companies now offer phone service.

Whether phone service is a convenience or a necessity, these new options make it especially important for people who are starting or thinking of switching phone service to understand how they can get the best service at the best price.

This Leader's Guide, created by the national non-profit organization Consumer Action in partnership with AT&T, can help answer some questions about how to choose the best phone service for each individual and household. The "Phone Service Leader's Guide" is part of a module that includes a multilingual companion brochure, "You Make the Call" (available in Chinese, English, Korean, Spanish and Vietnamese); a teaching plan for classes and seminars; PowerPoint slides, and class activities.

The brochure and other materials are free for non-profits and community-based organizations. For more about these materials, visit the Consumer Action website (www.consumer-action.org) or call Consumer Action at 800-999-7981.

Landline phone service

What is landline service?

A landline phone—also called a wireline phone—is connected to the phone company by phone lines. Inside the home, a landline phone must be plugged into an operating phone jack.

What are the advantages and disadvantages of traditional landline phone service?

Landline phone service:

- **Promises good reception and a consistently reliable connection anywhere in your home.**
- **Provides a connection to the Internet for dial-up or DSL service.**
- **Allows multiple people to be on the call if you have additional phones and jacks.**
- **Offers flat or measured rates for local calls.**
- **Includes a listing in the telephone directory if you want it.**

The disadvantages of landline phone service are:

- **You must be at home to make and receive calls.**
- **Electronic phone sets may not work if there is an electrical power failure.**
- **Service may not be available during a phone outage.**
- **Extra charges apply for long distance calls.**

What is local phone service?

Local service allows you to make calls in your immediate area. It is always best to verify with your telephone company operator that the number you want to dial is a local call. Local service includes your connection to 4-1-1 (information) and 9-1-1 (emergency).

What are local toll calls?

Local toll calls are those you make to destinations outside your local calling area but not far enough to be considered long distance. (Find the boundaries of your local and local toll calling areas in the phone directory, or ask your local phone company to explain them.)

What are long distance calls?

Long distance calls include in-state calls outside of your local toll region, state-to-state calls, and international calls. A long distance call typically requires you to dial a "1" and the destination area code before the seven-digit number. (An international call would require additional digits, such as the country code.)

Who provides local, local toll and long distance service?

Landline phone customers can have all their service provided by their local service carrier, or they can choose separate carriers. For example, you could choose to have your local and local toll service provided by one carrier, and your long distance service provided by another. Or you could have both your local toll and long distance service provided by a long distance carrier.

How do I select a local service carrier?

To find a local service provider, look under "Telecommunications Carriers" in the yellow pages directory, search online, or ask neighbors and nearby friends what carrier they use and if they're satisfied. Also, you could select the major local phone service carrier in your area. You can also get local service through VoIP and cable providers. (See page 8.)

How do I select a local calling plan?

Local phone service carriers may offer a choice of calling plans. For example, you could have the option of selecting a flat-rate service, which allows you to make unlimited local calls, or a less expensive "measured" service, which allows a limited number of local calls (you pay extra for each call or minute over that amount). The carrier must tell you the cost of the least expensive basic local service.

Some local service carriers offer local and local toll service for a flat monthly fee.

How do I select a long distance calling plan?

Before you can determine which deal is best, you will need to figure out where you call, for how long, and at what times. If you already have long distance service, look at a few recent bills to find the information you need.

Individual long distance calls are often billed by the minute, with different rates applying to different calling destinations and, in some cases, different days/hours. A calling plan will give you a certain number of minutes for a flat monthly charge; any additional minutes will be billed at a per-minute rate that is typically lower than non-plan rates. Some carriers offer unlimited local and long distance service for a flat monthly charge. (If you don't make many long distance calls each month, a per-minute plan will probably be your cheapest option.)

Your local phone company may offer reduced basic service rates to customers who also subscribe to its local toll and long distance services. To find the best deal, compare these rates to other long distance carriers.

Be aware that different carriers calculate call times in different increments. For example, a carrier that bills in one-minute increments would charge you for two minutes if your call lasted one minute and one second. Over the course of the month, this can really add up. The smaller the increment used,

the less unused time you'll have to pay for.

What are my other options for making long distance calls?

Some consumers choose to use a prepaid calling card or a "dial-around" for making long distance calls. You can also use Internet-based VoIP service to make long distance calls inexpensively. (See pages 8 and 10.)

What do I need to know about prepaid calling cards?

Prepaid calling cards, which are available in many stores and online, allow you to buy a certain number of minutes of long distance service upfront. As you make calls, following the instructions on the card, minutes are deducted from your card balance.

Prepaid cards sometimes have hidden costs. For example, there may be a per-call fee in addition to the actual minutes you use. Or, there may be a minimum number of minutes used per call. Read the information on the card, or call the card issuer to confirm all charges.

Many cards also have an expiration date; be sure you know if and when your card will expire.

What is a "dial-around"?

A dial-around allows you to make long distance calls through a carrier that may offer better rates than your regular long distance carrier (or at better rates than your local carrier, if you have not selected a long distance service).

Most dial-arounds begin with the number 10 followed by five more digits (although they are often called "10-10" numbers). After you enter a seven-digit code, you then dial the number you want to reach.

Things to ask before using a dial-around include:

- **What is the per-minute rate?**
- **How is time billed (in one-minute increments, or fractions of a minute)?**
- **Is there a connection fee, or a minimum number of minutes that will be charged for each call?**
- **Are there any monthly fees or other charges?**

Your dial-around calls will most likely show up on your local phone bill. Some local service providers do not support dial-arounds.

Are there any additional costs for landline service?

Yes. Every bill will include an additional amount to cover taxes and surcharges. There may also be a one-time connection charge to start service. And if you do not already have a telephone jack (outlet) in your home, you will have to pay a separate installation charge for that. In California, landlords are required to provide one working phone jack in every rental dwelling.

You could be required to pay a deposit. Some local carriers charge a fee for you to switch long distance carriers.

Special features are optional and may cost extra, so consider whether you'll use them enough to make the additional cost worthwhile. Examples of optional services:

- **Call waiting (notification that another caller is trying to reach you while you're on the phone, and the ability to put the first caller on hold and answer the second call).**
- **Caller ID (a read-out on a digital telephone's screen showing the source of an incoming call).**
- **Voicemail (a message center).**
- **Call forwarding (the ability to have an incoming call forwarded to another number).**
- **Three-way calling (the ability to have three people on the same call at once).**

Are there any local service phone programs that can save low-income subscribers money?

Yes. If you are a low-income customer, ask your local carrier about any assistance program it offers, such as Lifeline, Link Up or the Universal Telephone Assistance Program. Eligible consumers pay a fraction of the regular cost for telephone connection and monthly local telephone service. (In California, the program is called California Lifeline. For more information, visit www.californialifeline.com.)

Wireless phone service

What are the advantages and disadvantages of wireless (also known as cellular or mobile) phone service?

Wireless phone service:

- **Allows you to make and receive calls from any place you can receive a signal.**
- **May enable you to send text messages, take photos, store information and access the Internet.**
- **Voicemail and Caller ID are typically included.**
- **May be able to use the buckets of minutes to make calls anywhere in your region, state or the entire U.S.**
- **Most carriers offer prepaid or pay-as-you-go service that does not require a credit check.**
- **Allows you to make and receive calls from anyplace you can get a signal. (Your signal depends on your service provider's coverage area.)**

Some of the disadvantages of wireless service are:

- **Wireless service relies on radio waves to transmit the call between the**

wireless tower and the handset, so sometimes service may be unavailable or you may experience dropped calls.

- **Prevents you from making and receiving calls if the phone battery is dead.**
- **Can incur extra charges for calls that exceed your monthly allowance and any calls you make while outside your network (roaming).**
- **May require an early termination fee to end your contract before the end of the term.**
- **9-1-1 calls do not provide emergency service personnel with a specific street address for the customer.**
- **Charges may apply for incoming, outgoing and toll-free calls.**

How do I choose a wireless calling plan?

When shopping for wireless service consider:

- **How you'll use your phone: Will you use it a lot or only occasionally?**
- **When you'll use your phone: Days, evenings or weekends?**
- **Where you'll use your phone: At or near home, or while traveling?**
- **Whom you'll speak with most: Friends or family?**

You'll save money by finding a plan that most closely matches your needs. Consider how many minutes you'll use, the times of day you'll be making and receiving calls, and from where you'll be making calls. If you're already a wireless customer, check past bills for your monthly usage habits or call the carrier for assistance.

Compare calling plans from different carriers. There are comparison websites that can help make this task easier. Companies that offer wireless services are listed in the Yellow Pages under Telecommunications.

How do I choose a wireless service provider?

You can find wireless phone companies under "cellular telephone companies" in the yellow pages directory or by searching the same term online.

When choosing a service provider, compare not only calling plans and prices, but also the service area where you will use your phone the most. Check the provider's coverage map in the store or online at the company's site. You can also ask friends and neighbors what service they use and if they are happy with the coverage.

How is wireless service billed?

Wireless plans typically include a certain number of call minutes each month. They are often allocated according to the time of day they can be used. For example, a plan might include "anytime" minutes that can be used at any time during the day or night as well as minutes that can be used at night and on the weekends – commonly known as "night and weekend minutes." There are also calling plans that offer unlimited "mobile to mobile" minutes for

talking with family members or friends who are on the same family plan or use the same wireless service provider. All outgoing and incoming calls are billed against the allotted minutes in the wireless plan you select.

What if I don't use all my minutes in a month, or if I use more than my allotted minutes?

If you do not use all your minutes, you could lose them. A limited number of carriers allow customers to carry over unused minutes to the next month. If you use more than your allotted minutes, you will be charged a higher per minute rate for each additional minute you use.

Many wireless providers offer the capability to check by phone or online how many minutes you have left in your monthly plan.

What questions should I ask before signing a contract for wireless service?

- **If you choose a plan that requires a term contract, find out the length of the term. Typically, contracts are one or two years, with the longer contract offering better rates. But a shorter contract allows you to change carriers or plans sooner if you are not satisfied or find a better deal.)**
- **At what time do my Night and Weekend minutes begin and end?**
- **How much will I be charged for each additional minute I use above my plan's allotment?**
- **Where is my service area? (This is the area where you can make calls without having to pay extra.)**
- **What are the charges for roaming and long distance calls?**
- **What does it cost to call "toll-free" numbers or directory assistance?**
- **Is there an extra charge for features such as voicemail and caller ID?**
- **What are the charges for "data services," such as sending and receiving text messages, e-mail and photos and accessing the internet? Is there a flat rate plan for these services that would save me money? (Data services are typically billed per kilobyte and some activities use more kilobytes than others.)**
- **Can I change to a different plan or make other changes to the contract without penalty? Will these changes initiate a new contract period?**
- **How much will it cost to cancel my contract early?**
- **Can I transfer ("port") my existing wireless or landline phone number to my new plan? Is there a porting fee? (To avoid losing your number, wait until the transfer is complete before canceling your old phone service.)**

What is "roaming"?

"Roaming" enables you to use your phone even when you're outside your wireless service provider's range (or network). Find out if your calling plan includes roaming or if there will be an additional charge.

Roaming charges can be expensive. One way to avoid them is to choose the right plan from the start:

- **Local calling plans typically allow users to make calls within a metropolitan area or portions of a state without incurring long distance or roaming charges.**
- **Regional calling plans typically allow users to make calls within a state or group of states without incurring long distance or roaming charges.**
- **National calling plans usually allow users to make calls within the U.S. without incurring long distance or roaming charges. (Policies can vary, so check all terms with your carrier.)**
- **If you make calls to other countries from the U.S., look for an international calling plan that saves you money.**

Is there a prepayment option?

Some companies (for example, TracFone, AT&T Mobility, T-Mobile, Virgin Mobile and Verizon Wireless) offer prepaid or pay-as-you go options. The per-minute rate tends to be higher than it would be on a traditional post-paid monthly plan, but prepaid services require no contract, carry no termination fee and can keep you or family members from going over budget on wireless service. A prepayment option may be a good solution for people with damaged credit or those who are rebuilding their credit.

Be aware that prepaid minutes expire if you don't use them or purchase additional minutes by the expiration date.

To get started, you'll need to buy a compatible phone (at a wireless provider's retail store or from a large electronics retailer), pay an activation fee, and purchase a specified number of minutes.

How do I choose a wireless phone?

When choosing a wireless phone, consider size and weight, battery life, and other features you might want or need, such as web access and compatibility with TTY teletype devices for the hearing impaired. If you plan to use your phone abroad, consider a model that uses GSM (global system for mobile communications). Free or discounted phones typically come with a one- or two-year contract. If you switch your wireless provider, you may have to get another phone.

What if I'm dissatisfied with the service I choose?

Your wireless service provider will grant you a trial period of two to four weeks. Be sure to find out from the company or representative exactly when the trial period ends. If you're dissatisfied with your service, cancel by that date. (You will be responsible for any calls made during the time you used the service.) If you cancel after the trial period is over, you could be charged an early termination fee of $150 or more.

VoIP phone service

What is VoIP?

There are two kinds of Voice over Internet protocol (VoIP) phone services. Both require a high-speed Internet connection through DSL or cable. One type of VoIP is offered as an application that runs on the public internet, and the other is offered by cable and similar companies using internet protocol over their own internet systems.

The connection is generally very good (although you may occasionally hear an echo or experience a short voice delay), and the service can be less expensive than landline or wireless service. Some VoIP providers offer additional savings to customers who purchase a "bundle" of services from them that includes television, Internet, and phone.

How do the Internet-based VoIP phone services work?

To initiate a call using an Internet-based VoIP service, you must log on to the service provider's site or launch free downloaded software. Some services require you to use a headset with microphone, a USB-compatible phone, or speakers and a microphone connected to your computer. Others send the call through your regular home phone or your wireless phone if it's web enabled.

What are the advantages and disadvantages of VoIP (voice over Internet protocol) phone service?

VoIP, or broadband phone service:

- **Delivers a connection that is generally very good.**
- **Can save you money.**
- **In most cases, you can keep your landline number.**

Some disadvantages of broadband phone service:

- **May only be available as part of a package of services.**
- **Could limit you to making and receiving calls at home if you find wireless VoIP options unattractive.**
- **Prohibits you from making or receiving calls whenever your home Internet service is not working.**
- **May not provide emergency dispatchers (9-1-1) with your callback number and location the way a landline does.**

How much does VoIP phone service cost?

Service that costs as little as $25 per month for unlimited local and U.S. long distance calling is not difficult to find (though prices can vary considerably).

You will pay many of the same additional monthly charges as landline and cellular service—activation charges, taxes, and per call charges for 4-1-1. You also may have to pay for equipment, cords and shipping.

How do I choose a VoIP service plan?

VoIP service plans tend to be similar: Plans typically include unlimited local and long distance calling in the continental U.S. for a flat monthly charge, and virtually all plans include an array of features, including caller ID, voicemail and call waiting.

Considerations that may make one plan more attractive than another include:

- **Additional free long distance calling destinations. (For example, some providers include Canada and Puerto Rico in their unlimited calling plan.)**
- **The ability to easily send and receive faxes. (This could be an issue if you send a lot of faxes and you're not going to keep a dedicated phone line for that purpose.)**
- **The option to transfer your existing landline phone number to your VoIP service. (If this is important to you, confirm that the company can do the transfer before you sign up for service.)**
- **The availability of "enhanced 9-1-1." (If you don't plan to keep your landline, ask about 9-1-1 service capabilities before committing. If the provider you are considering does not offer "enhanced 9-1-1," the dispatcher will not automatically know your location when you call to report an emergency.)**
- **Customer service quality. (Call the billing and technical support numbers, or connect online, to check responsiveness before making a commitment.)**
- **Monthly cost.**

Ultimately, the most important feature of a VoIP service is a reliable high-speed Internet connection, since you will not have phone service anytime your Internet connection is down.

Do I need special equipment to use VoIP?

Depending on the type of service you subscribe to, you may not need any special equipment, or you may need a router, an adapter, and/or cords.

How do I find a VoIP provider?

Many phone, television and Internet service companies offer VoIP. You can find a provider through an online search, in the "yellow pages" directory, or through friends and neighbors.

What if I am dissatisfied with my VoIP service or provider?

As with cellular service, you generally have between two and four weeks to determine if the VoIP service is right for you. If you're not satisfied, you'll need to return the hardware and, if you miss the cancellation window, you may have to pay a deactivation fee.

Is wireless VoIP available?

Technically, yes. But WiFi VoIP isn't yet the deal for consumers that it is

expected to become in the future. It is likely the service will start giving regular cellular service competition in 2008.

international calling

What is an international call?

An international call is any toll call to a location outside the 48 continental states (the U.S., excluding Alaska and Hawaii).

What are my options for making international calls?

You can make international calls through your regular long distance carrier. You can also use a prepaid calling card or a dial-around. (See page 3.)

An Internet-based VoIP service may be the least expensive option for international calls. You may even be able to make international calls for free.

Can I call anyone in the world?

Yes, but with some services you only can call people who have installed the same free software. And you only can reach them when they are online.

How much do calls cost?

Computer-to-computer (PC-to-PC) calls are usually free, though a company may charge a small monthly service fee. PC-to-non-PC calls (those to a landline phone) usually cost just a few cents per minute. PC-to-wireless phone calls may cost more.

How do I find Internet-based VoIP service?

Skype (skype.com), Yahoo! Voice (voice.yahoo.com), JAJAH (jajah.com), TalkPlus (talkplus.com), Packet8 (www.packet8.net), SunRocket (www.sunrocket.com), Vonage (www.vonage.com) and Rebtel (rebtel.com) are some of the calling services you can learn about online. You can also do an Internet search for keywords such as “VoIP,” “free international calling,” and “Internet phone.”

Could I use Internet-based VoIP service for all my phone calls?

This type of VoIP phone service is not compatible with 9-1-1, so it should not be your only calling option. If you want to use VoIP as your primary phone service, you should use a hardware-based VoIP service (see page 8) that offers a constant connection and enhanced 9-1-1.

Fees and surcharges

What is the Subscriber Line Charge I see on my bill?

Local telephone companies recover some of their cost of providing telephone lines connected to customers' homes through a flat-rate, monthly charge on their customers' local telephone bill. This charge is often called the federal subscriber line charge. It is regulated by the FCC. It is not a tax or a fee charged by the government. (In California, it may be called the Network Access for Interstate Calling charge.) The federal government caps the amount at $6.50 per month for a single landline. This fee is not charged to wireless phone customers or VoIP users.

Why do I get charged more for calling a wireless phone in Mexico?

The Mexican government allows telephone companies to charge for connecting calls from other countries to wireless phones in Mexico. This charge is not added to calls to landline phones in Mexico.

Assistance and information

What is "slamming"?

Slamming occurs when your phone service is switched to another carrier without permission. Slamming is illegal. If you've been slammed, call your chosen carrier (local or long distance) and tell them you want your calling plan reinstated. Request that all "change of carrier charges" be removed from your bill. For more about slamming, visit www.fcc.gov/slamming.

What is "cramming"?

Cramming occurs when unauthorized service charges are placed on your landline or wireless phone bill. Cramming is illegal. Contact your carrier and tell the representative you want all unauthorized charges removed.

Does the Federal Communications Commission (FCC) regulate all telephone issues?

No. The FCC is charged with regulating interstate and international phone communications. Complaints about your local telephone company or intrastate issues (within your state) should be directed to your state public utilities regulator. To find your regulator, visit www.naruc.org and click on State Commissions.

How do I stop telemarketing calls to my home?

You can register your home or mobile phone for free with the National Do Not Call Registry (www.donotcall.gov). If you register online, the Registry will send you an email message with a link in it. You need to click on the link in the email within 72 hours to finalize your registration. If you do not have an

email address, you can register by phone at 888-382-1222. Telemarketers should not call your number once it has been on the registry for 31 days. Your registration will be effective for five years.

Even if your number is registered, companies with which you do business (or have done business in the past) may continue to call you. Charities, political organizations, and telephone surveyors also can call you.

If telemarketers continute to call after 31 days, you can file a complaint at the Do Not Call Registry website (www.donotcall.gov). You can also file a complaint with the Federal Trade Commission. (See page 13 for contact information.)

Can I keep my phone number when I switch service providers?

Under the FCC's "local number portability" rules, you can switch telephone service providers within the same geographic area and keep your existing phone number. If you are moving from one geographic area to another, you may not be able to take your number with you. Telephone companies are allowed to charge a porting fee for switching your number.

If you want to change companies, don't terminate your service with your existing company before initiating service with a new company. Contact the new company first, and it will switch your number by contacting your current company.

How should I handle a complaint about my phone service or bill?

Check your phone bill every month for unauthorized charges. If you discover errors, contact your carrier immediately. Keep notes of your contact with the phone company. If you are unable to resolve your complaint directly with the carrier, the following agencies can help:

Local/intrastate service:

- **State utility commission (Visit www.naruc.org to find contact information for your state.)**
- **State Attorney General (Visit www.naag.org to find contact information for your state's AG.)**

You can also find contact information in the blue pages, or government section, of your local telephone directory.

Long distance/interstate service:

Federal Communications Commission (FCC)
Consumer & Governmental Affairs Bureau
445 12th Street SW
Washington, DC 20554
Phone: 888-225-5322 (888-835-5322 TTY)
Website: www.fcc.gov/cgb/complaints.html
Email: fccinfo@fcc.gov

The FCC also regulates cellular/wireless and broadband service.

Where can I get more information about phone service?

Federal Communications Commission (FCC)
Website: www.fcc.gov/cgb
(See above for address and phone number.)

Federal Trade Commission (FTC)
Consumer Response Center
600 Pennsylvania Ave. NW
Washington, DC 20580
Phone: 877-382-4357
Website: www.ftc.gov

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